



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: March 24, 2004

REPORT NO. RA-04-06
CMR-04-038

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Honorable Mayor and Members of the City Council
Docket of March 30, 2004

SUBJECT: PROPOSED GRANTVILLE REDEVELOPMENT SURVEY AREA

SUMMARY:

Issue(s):

1) Should the City Council approve the proposed Grantville Redevelopment Survey Area Boundaries and take necessary actions to initiate the plan adoption process?

Should the Redevelopment Agency:

- 1) Amend the Fiscal Year 2004 Redevelopment Agency Budget for the North Bay Redevelopment Project Area to authorize a loan repayment to the City of San Diego in the amount of \$125,000, from the North Bay series 2000 bond proceeds?
- 2) Amend the Fiscal Year 2004 Redevelopment Agency to accept the loan of CDBG funds from the City, and increase appropriations and authorize expenditures in the amount of \$125,000 for the Grantville Redevelopment Survey Area?
- 3) Authorize the Executive Director to execute a consultant agreement with Rosenow Spevacek Group, in an amount not to exceed \$152,560 for the purposes of studying the Grantville Survey Area and to assist with the adoption of the proposed project area, provided that the City Auditor first furnishes a certificate that funds are, or will be, on deposit in the City Treasury?

Manager/Executive Director's Recommendation(s) –

For the Council:

1) Recommend approval of the proposed Grantville Redevelopment Survey Area and map, and initiation of a plan adoption process.

For the Agency:

- 1) Amend the Fiscal Year 2004 Redevelopment Agency Budget for the North Bay Redevelopment Project Area to authorize a loan repayment to the City of San Diego in the amount of \$125,000, from the North Bay series 2000 bond proceeds.
- 2) Amend the Fiscal Year 2004 Redevelopment Agency to accept the loan of CDBG funds from the City, and increase appropriations and authorize expenditures in the amount of \$125,000 for the Grantville Redevelopment Survey Area.
- 3) Authorize the Executive Director to execute a consultant agreement with Rosenow Spevacek Group, in an amount not to exceed \$152,560 for the purposes of studying the Grantville Survey Area and to assist with the adoption of the proposed project area, provided that the City Auditor first furnishes a certificate that funds are, or will be, on deposit in the City Treasury.

North Bay Project Area Committee (PAC) Recommendations: On February 4, 2004 the North Bay Project Area Committee (PAC) approved the temporary loan of \$125,000 of North Bay funds to use towards the Grantville Redevelopment Study Area.

Community Planning Group Recommendations: A presentation and briefing will be made to the Navajo Planners on February 23, 2004.

Environmental Impact: None with this action. Appropriate environmental review will be processed concurrently with plan adoption processes.

Fiscal Impact: This study and plan adoption process is estimated to cost \$635,000 and completed by the end of calendar year 2005. The study will initiate a proposed plan that will identify areas and projects to be undertaken through initiation of a plan adoption process potentially leading to a new redevelopment area. Financing for the projects will be from District Seven Community and other identifiable sources.

There will be multiple phases for the financing of the study and plan. It is proposed that the first phase will involve a short term, temporary loan in the amount of \$125,000 from the City to the Redevelopment Agency and are available from the funds to be repaid to the City from North Bay Redevelopment Project Area Series 2000 Bond proceeds.

Code Enforcement Impact: None with this action.

Housing Affordability Impact: None with this action. Redevelopment law requires that 20 percent of tax increment revenue generated from the project area be set aside, and made

available to ensure that low and moderate-income residents have access to safe, decent, and affordable housing.

BACKGROUND:

A redevelopment survey assesses the implications of formulating a redevelopment project area pursuant to California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. (“Law”). The Law permits cities to adopt and implement redevelopment plans by providing legal and financial tools to mitigate specific physical and economic blighting conditions.

The Grantville area is within the City’s Navajo Community Planning Area. This redevelopment study area (“Study Area”) is more than 1,400 acres and is comprised of the following three non-contiguous subareas:

Sub-area A: Comprised of commercial, industrial and retail uses, includes parcels north of Interstate-8 on both sides of Fairmount Avenue and Mission Gorge Road. The northern boundary includes parcels on both sides of Friars Road from Fairmount Avenue to the four corners of Zion Avenue and Mission Gorge Road. The eastern boundary includes parcels on both sides of Mission Gorge Road from Zion Avenue in the north to Mission Gorge Place in the south, along with the parcels on both sides of Mission Gorge Place and portions of Adobe Falls Road.

Sub-area B: Contains office, industrial, retail uses and mining operations comprised of parcels along Mission Gorge Road between Green Brier Avenue and Margerum Avenue. The southern boundary generally follows the eastside of Mission Gorge Road, except at Old Cliffs Road, Princess View Drive, Margerum Avenue and Jackson Drive where there are commercial parcels along southeast side of Mission Gorge Road and along both sides of Old Cliffs Road and Princess View Drive. The northern boundary follows the San Diego River between Green Brier Avenue to the west and Jackson Drive and Father Junipero Road to the east.

Subarea C: Comprised of a neighborhood shopping center and retail uses which are inclusive of parcels bound to the northwest by the alley between Waring Road and Glenroy Street; by Zion Avenue to the northeast; by Carthage Street to the southeast; and by Orcutt Avenue to the southwest. Sub-area also includes a community park, recreation center, library, middle school, y church and a vacant parcel which are bounded by Glenroy Street to the east, Zion Avenue to the south, 51st Street to the west and the property line of Lewis Middle School to the north.

Uncertain: Several parcels may need to be excluded; Kaiser Permanente Facilities, New Auto Dealers, Sav-On Drug Store, Home Depot and Friars Village Shopping Center. Redevelopment Law allows for non-blighted parcels to be included in a project area for the effective redevelopment of the area. Should the Agency choose to “piece-meal” out non-blighted parcels, the ability to consolidate parcels to accommodate revitalization and support area wide infrastructure improvements could be compromised.

Navajo Planners advise the city on matters within the proposed GRANTVILLE survey area. Physically, the region is characterized by a large amount of underutilized land and buildings, incompatible land uses, parcels of irregular form and shape which hinder development, insufficient parking, inadequate vehicle access, and environmental constraints.

The adoption of the proposed Redevelopment Survey Area will enable the city to explore the feasibility of utilizing its redevelopment authority to address physical and economic blight conditions. A loan from the North Bay Redevelopment Project Area has been requested in order to fund the first stages of the study. On February 4, 2004 the North Bay Project Area Committee (PAC) approved the temporary loan of \$125,000 of North Bay funds to use towards the Grantville Redevelopment Study Area.

The Agency proposes to enter into an Agreement with Rosenow Spevacek Group, Inc. to assist with the Grantville Study Area and the adoption process of the proposed project area. The amount of the agreement would not exceed \$152,560, however funds are only available to fund the first set of tasks as outlined in the Scope of Services (Exhibit A). Additional funds to complete the project are contingent on the City Auditor furnishing a certificate that states funds are, or will be, on deposit in the City Treasury.

DISCUSSION:

Redevelopment is being considered to achieve the following three fundamental goals:

1. To ensure the continued viability of the Study Area's commercial, industrial and retail districts in the face of growing competition from contemporary, better designed locations in the market area;
2. To provide a dedicated source of funds to implement revitalization activities, such as building and façade rehabilitation, industrial pollution mitigation, parking and circulation projects, streetscape improvements, and public roadway deficiencies; and
3. To address issues such as soil contamination, urban runoff into the San Diego River and Alvarado Creek, incompatible uses, and obsolete buildings in the Study Area.

Documentation is needed to substantiate how existing conditions impact the economic viability of the area; incompatible uses, lot sizes and poor site configuration, inadequate parking and vehicle access, building age, shifts in use of buildings, building/functional obsolescence, lease rates, poor roadway configuration, public improvement deficiencies, soil contamination, topography, access, code enforcement, circulation issues and environmental constraints.

Incompatible Uses

The most recognized examples of incompatible uses exist where industrial or commercial development is adjacent to residential properties without any buffer but in the case of this Study Area, residential uses are not included in the Study. Another incompatible use issue may be prior industrial uses and existing industrial uses near the San Diego River.

It is more difficult to quantify incompatible uses where it is industrial development adjacent another industrial development and/or adjacent to commercial properties. These uses can negatively affect each other. Examples include: 1) auto repair shop sharing driveways and a parking lot with an office or a fast-food restaurant, 2) auto related uses that spill out onto the street and/or adjacent retail or office parking lots.

Lot Sizes and Configuration

Sub-area A of the Study Area is characterized by inadequate lot sizes based on current market and new development standards. Given the parking, access and landscaping requirements of modern commercial and retail development, a lot size of less than one acre is generally very difficult to redevelop and industrial development generally requires more than one acre. The area also contains parcels that are not configured to meet market demand. For instance parcel depths of 300 to 600 feet are needed for most new commercial and industrial development. Lot depths within the Study Area are significantly less than the target size.

The irregular shape of some parcels within the Study Area compounds this condition. Inadequate parcel size also contributes to conditions such as substandard design, lack of parking, as well as poor access and circulation. Consolidating parcels may be the most viable way to revitalize the area. Lot consolidation typically requires site assemblage that can not be accomplished by private enterprise acting alone; the extraordinary tools of redevelopment are usually needed.

Building Age

Commercial and industrial development 30-years ago was substantially different than today. Current market trends have increased the size of light industrial and retail buildings. The amount and location of parking requirements have changed and ease of access has become critical. Most of the Study Area is characterized by: 1) older light industrial and retail uses, 2) small industrial, commercial office and retail buildings, 3) lack of on-street parking and insufficient off-street parking and 3) early design “L-Shaped” shopping centers. Many of the structures suffer from deferred maintenance and several buildings are impacted by flooding annually.

Lease Rates

Similar to other uses in the Study Area, commercial office uses also suffer from lack of adequate parking and vehicle access. Much of the office space is functionally obsolete further reducing lease rates in the area. Recently some neighborhood shopping centers and single retail uses (i.e. Burger King) have been transformed into used auto sales.

Code Enforcement

These issues include, but are not limited to, shortage of on-site parking, outdoor storage and manufacturing, illegal signage, disposal of hazardous material, and urban runoff into the San Diego River as several issues contributing to the area's blighted condition. Complicating code compliance efforts is the mixture of industrial and commercial uses adjacent to one another, the high occurrence of legal non-conforming uses in the area that would be considered substandard by current zoning and building codes, in particular off-street parking requirements, the unapproved shift in the use of industrial buildings, and the auto repairs and services being performed outdoors rather than in enclosed bays.

There are other issues that may not be specific code enforcement issues, but also contribute to the blighted conditions of the Study Area. These include on-street deliveries, outdoor fuel tanks, outdoor manufacturing and a myriad of utility connections along the outside of buildings.

Environmental Constraints

The Study Area includes, sub-area B, which has over 400 acres of industrial designated land which is currently developed for sand and gravel processing operations. The potential environmental remediation needed to restore these parcels for industrial development could be significant. These environmental constraints may include soil contamination and erosion. In addition, significant amounts of backfill soil maybe needed to restore the correct path of the San Diego River and provide developable parcels.

CONCLUSION:

The proposed Survey Area encompasses more than 1,400 acres containing potential physical and economic blight that may be a sufficient basis for City Council to designate the GRANTVILLE redevelopment project area. Goal one is to create a strong economic base within and for the Navajo Community and neighborhoods, and therefore provide an improved quality of life for Navajo residents and businesses. Goal two is to protect and enhance the San Diego River, as well as provide city residents with recreation activities adjacent to the river and public/private support for the San Diego river park.

ALTERNATIVES:

1. Modify the boundaries of the proposed Survey Area.
2. Do not designate a GRANTVILLE Survey Area.

Respectfully submitted,

Todd Hooks
Deputy Executive Director
Redevelopment Agency

Hank Cunningham
Assistant Executive Director
Redevelopment Agency/ Director,
Community and Economic Development

Approved: Bruce Herring
Deputy City Manager

ATTACHMENTS

Note: Attachment 2 is not available in electronic format. A copy is available for review in the Office of the City Clerk.

- 1) Proposed GRANTVILLE Redevelopment Survey Area Map
- 2) Agreement between the Redevelopment Agency and Rosenow Spevacek Group, Inc.

